

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SSO-00 OIC-02 AID-05 CEA-01 CIAE-00  
COME-00 EB-08 EA-10 FRB-03 INR-10 IO-13 NEA-11  
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FM AMEMBASSY PARIS  
TO SECSTATE WASHDC IMMEDIATE 2631

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USOECD

FOR EUR/RPE-- LAASE

E.O. 11652: N/A  
TAGS: OECD, ECON, ELAB  
SUBJECT: OECD MINISTERIAL PREPARATIONS: LIAISON  
COMMITTEE MEETING WITH TUAC

REF: (A) PARIS 16616; (B) RE/TUAC/78.1

1. JUST HOURS BEFORE JUNE 2 LIAISON COMMITTEE MEETING, TUAC CIRCULATED PAPER ENTITLED "A STRATEGY FOR FULL EMPLOYMENT" (RE/TUAC/78.1 -- SENT INTERNATIONAL AIRMAIL TO EUR/RPE: LAASE) WHICH IT REQUESTS BE INCLUDED IN BACKGROUND DOSSIER FOR MINISTERS. LIAISON COMMITTEE HAD AGREED TO A "LISTENING SESSION" SINCE CLEAR THAT PAPER WOULD NOT BE CIRCULATED FAR ENOUGH IN ADVANCE FOR FULL DISCUSSION -- NEVERTHELESS MEETING LASTED 2-1/2 HOURS WITH EXTENSIVE DISPLAY OF INTEREST ON PART OF PERMANENT DELEGATION REPS. MEETING WHICH CHAIRED BY SECRETARY-GENERAL VAN LENNEP WAS WELL ATTENDED, BUT ONLY A SPRINKLING OF AMBASSADORS, INCLUDING U.S.,  
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WAS PRESENT.

2. TUAC PAPER STRESSES NEED FOR FASTER GROWTH TO RESTORE HIGH EMPLOYMENT, ARGUING THAT "FULL EMPLOYMENT MUST BE THE PRINCIPAL AND IMMEDIATE AIM OF ALL ECONOMIC POLICY." DISCUSSION AT MEETING FOCUSED PRINCIPALLY ON TUAC ANALYSIS (A) THAT INCREASING PROFITS IS NOT A SUIT-

ABLE METHOD TO INDUCE MORE INVESTMENT IN DEPRESSED ECONOMY; (B) THAT DEVELOPMENT ASSISTANCE SHOULD ENABLE DEVELOPING COUNTRIES TO PROVIDE FOR THE BASIC NEEDS OF THEIR PEOPLE, NOT TO PRODUCE CHEAP GOODS WITH UNDERPAID LABOR FOR FOREIGN MARKETS; (C) THAT GOVERNMENTS SHOULD SHOW A BETTER UNDERSTANDING OF TRADE UNION OBJECTIVES IN TERMS OF WORKSHARING; AND (D) THAT OUR ECONOMIES SHOULD BRING ABOUT STRUCTURAL ADJUSTMENT BY TRANSFERRING RESOURCES TO SECTORS OF INDUSTRY WHICH ARE MORE COMPETITIVE.

3. TUAC ARGUES CASE FOR "COMPREHENSIVE PLANNING, SINCE PEOPLES' NEEDS ARE ONLY PARTLY INDICATED BY MARKET MECHANISM," AND "PURPOSEFUL POLICIES DEvised AND IMPLEMENTED BY GOVERNMENTS IN COOPERATION WITH TRADE UNIONS AND EMPLOYERS." CONCEPT OF CONSENSUS TRIPARTITE APPROACH TO GOVERNMENT POLICY, WAGES AND PRICES SUPPORTED BY SEVERAL PERMDEL REPS AND SECRETARIAT. AFL-CIO REP BROWN, HOWEVER, EXPRESSED GRAVE RESERVATIONS ON IMPLIED RESORT TO INCOMES POLICY.

4. LOOKING FORWARD TO OECD MINISTERIAL AND BONN SUMMIT, TUAC DRAWS FOLLOWING CONCLUSIONS: QUOTE

THE OECD MINISTERIAL COUNCIL MEETING ON 14TH TO 15TH JUNE, 1978, SHOULD DEVELOP A COORDINATED SET OF PLANS, LIMITED OFFICIAL USE

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SUGGESTING FOR EACH COUNTRY MEASURES TO ALLOW FOR BOTH ITS OWN GROWTH AND EMPLOYMENT OBJECTIVES AND TO CONTRIBUTE TO A COMMON EXPANSION POLICY IN THE MOST EFFICIENT WAY. THE SUMMIT MEETING IN BONN, IN JULY, 1978, SHOULD COMMIT THE PARTICIPATING GOVERNMENTS TO A STRATEGY FOR FULL EMPLOYMENT IN CONFORMITY WITH THE LINES PROPOSED BY THE INTERNATIONAL TRADE UNION MOVEMENT, AND THE GOVERNMENTS SHOULD OBLIGE THEMSELVES TO LIVE UP TO THEIR COMMITMENTS. UNQUOTE

5. SOME PERMDEL REPS SUGGESTED, AND TUAC REPS SECONDED, IDEA OF FOLLOW-UP MEETINGS TO GET DEEPER INTO SUBSTANCE OF TUAC PAPER AND ELABORATE ON SPECIFIC POINTS OF MUTUAL INTEREST. MODALITIES OF SUCH FOLLOW-UP LEFT OPEN. SECRETARY-GENERAL ASSURED TUAC THAT ITS PAPER WOULD BE BROUGHT TO THE ATTENTION OF MINISTERS. SALZMAN

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## Message Attributes

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